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PROGRAMME PLANNING

Country and intercountry programmes and projects

# THIRD COUNTRY PROGRAMME FOR THE COOK ISLANDS

| Programme period | Resources | $ |
|---|---|---|
| 1992-1996 | Net IPF | 987 000 |
| | Estimated cost-sharing | 44 000 |
| | | 1 031 000 |

CONTENTS


| | | Paragraphs | Page |
|---|---|---|---|
| I. | DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES ..... | 1 - 5 | 2 |
| | A. Current socio-economic situation ..... | 1 - 4 | 2 |
| | B. National development objectives and strategies ... | 5 | 2 |
| II. | EXTERNAL COOPERATION ..... | 6 - 8 | 3 |
| | A. External cooperation priorities ..... | 6 | 3 |
| | B. Aid coordination arrangements ..... | 7 - 8 | 3 |
| III. | THE COUNTRY PROGRAMME ..... | 9 - 24 | 3 |
| | A. Assessment of the ongoing country programme ..... | 9 - 11 | 3 |
| | B. Proposals for UNDP cooperation ..... | 12 - 20 | 4 |
| | C. Assistance outside the main country programme areas ..... | 21 | 6 |
| | D. Implementation and management arrangements ..... | 22 - 24 | 6 |

Annexes

| | | |
|---|---|---|
| I. | Financial summary ..... | 7 |
| II. | Programme matrix ..... | 9 |


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# I. DEVELOPMENT SITUATION, OBJECTIVES AND STRATEGIES

## A. Current socio-economic situation

1. The Cook Islands, a self-governing territory in free association with New Zealand, has a total land area of 240 square kilometres scattered over more than 2 million square kilometres of ocean. Although the population of the Cook Islands is estimated at 18,300, double this number live in New Zealand as a result of the free-access agreement with that country.

2. There has been an average annual growth rate in the gross domestic product (GDP) of 6 per cent between 1983 and 1990. GDP per capita is $1,550. GDP growth, however, disguises not only some significant disparities between Rarotonga and the outer islands, but also the fact that the economy remains vulnerable due to a limited and fragile resource base, and the prominent role (equivalent of 25 per cent of GDP) of a public sector that is dependent for 21 per cent of revenues on foreign grants, mostly budgetary support from New Zealar .

3. The past decade has seen a shift in the economy with the contribution of the primary sector (agriculture, fisheries and quarrying) declining in absolute and relative terms, and with tourism emerging as a leading sector. Tourism, which provides 21 per cent of GDP, is now the major revenue earner and the principal source of economic growth and employment.

4. Such other human development indicators as life expectancy (67 years), access to the supply of safe water (76-99 per cent of the population), and adult literacy (87.5 per cent) are comparatively favourable. As noted before, however, there are significant variations between Rarotonga and the outer islands.

## B. National development objectives and strategies

5. The overall development objectives of the Cook Islands are to: improve living standards through sustainable and equitable development, while maintaining the country's environmental, cultural and traditional heritage; ensure that the outer islands receive a fairer measure of development cooperation; and cooperate closely with Pacific neighbours and other nations in economic affairs and other matters of mutual interest. The Government's strategy is to target infrastructure (roads, telecommunications, energy supply and water provision), tourism, agriculture, marine resources and the offshore financial centre as priority sectors for development. The implementation of this strategy requires an enhanced capacity for integrated and coordinated planning and management, in both the public and private sectors.

## II. EXTERNAL COOPERATION

### A. External cooperation priorities

6. Twelve per cent of the Government's recurrent budget is derived from New Zealand's NZ$ 8 million annual budgetary support, while all development expenditures are provided by external financial assistance. External assistance as a percentage of GDP has, however, declined in recent years from 28.2 per cent in 1988 to 19 per cent in 1990. New Zealand is the most important donor providing budgetary support and development assistance worth 14 per cent of GDP in 1990. Australia is also a major bilateral donor providing development assistance worth 1.2 per cent of GDP in 1990. France has emerged in recent years as an important donor, too. UNDP is second to the Asian Development Bank (AsDB) as the main source of multilateral assistance. Other United Nations agencies including the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the World Health Organization (WHO), as well as such regional organizations as the South Pacific Commission and the Forum Fisheries Agency have also been providing some assistance. The sectoral distribution of external assistance reflects national objectives with 47 per cent going to the economic sectors, 18 per cent to social services, 17 per cent to public/development administration, and 11 per cent to infrastructure.

### B. Aid coordination arrangements

7. The Ministry of Foreign Affairs is the formal channel of communication for external aid coordination matters for all donors with the exception of New Zealand and some foundations whose channel of communication is through the Ministry of Planning and Economic Development (MOPED) which is expected to be abolished formally later in 1992. MOPED's functions will be transferred to the Planning Division of the Treasury Department.

8. Apart from providing direct support to the two coordinating ministries, the UNDP office in Apia, Samoa, acts as the main channel of communication for other United Nations agencies. In addition, UNDP also facilitates dialogues and liaises regularly with other donors by means of regular discussions with their respective representatives during UNDP missions to the Cook Islands. UNDP assisted the Government in convening the first Cook Islands round-table meeting in May 1990, with an in-country follow-up meeting scheduled for 1992.

## III. THE COUNTRY PROGRAMME

### A. Assessment of the ongoing country programme

9. The second country programme supported agriculture and fisheries, and manpower training. A number of proposed agricultural projects did not eventuate due to changing priorities and strategies of the Government. This, coupled with cyclone damage, meant that the country programme made relatively little impact not only in the agriculture sector, but also in promoting local

economic activity. The agricultural census project was, however, successful in producing, for the first time, reliable data for use in sectoral planning.

10. A greater impact was made in manpower training, particularly through the efforts of cost-effective United Nations Volunteers programme (UNV) specialists, who not only filled critical gaps in health services while nationals were being trained, but who also contributed to capacity-building in the Ministry of Works, the Computer Centre, and the Ministry of Energy. The potential impact of UNV specialists was not fully realized in some cases, however, since they filled line positions without adequate national counterparts in some 30 per cent of their assignments, or because their inputs were requested without careful planning.

11. Another weakness of the country programme overall has been the lack of focus and concentration, which resulted in limited resources being spread too thinly and in an ad hoc manner.

## B. Proposals for UNDP cooperation

### 1. Preparatory process

12. The process of preparing the third country programme began with the in-depth review of the second country programme in May 1989. This was followed by the round-table meeting in 1990 which underscored priority investment needs. An internal assessment carried out by UNDP in early 1991 confirmed, among other things, the need to focus future assistance. In addition, the Government and UNDP held discussions and consulted donors and agencies about the development needs of the country. On the basis of these reviews and discussions, UNDP prepared the Advisory Note outlining its views on the nature and scope of the third country programme. The Government endorsed the UNDP Note and prepared and submitted the country programme document.

### 2. Strategy for UNDP cooperation

13. The Government proposes that fifth-cycle UNDP resources be used mainly to support tourism, with the remainder assisting in enhancing management capacity and ensuring that essential services are continued. This focus was determined after careful review of the Government's priority needs, proposed interventions of other donors, and UNDP's comparative advantages. The latter were seen as its flexibility in responding to national needs, sectoral neutrality, access to worldwide technical expertise, such cost-effective modalities as the use of UNVs and the United Nations International Short-Term Advisory Resources (UNISTAR), and its ability to further support country programme activities through its subregional programme. Management development, transfer and adaptation of technology and environmental concerns will be reflected in the national programmes.

## 3. Proposed UNDP cooperation in selected areas of concentration

### Tourism development

14. Tourism, providing 21 per cent of GDP, has emerged as a major foreign exchange earner and principal source of economic growth and employment. Tourist arrivals have trebled since 1976, amounting to 34,000 in 1990, and are expected to increase to 62,000 by 1996. With these forecasts, the Government is now targeting tourism as the principal industry to stimulate economic growth and reduce dependence on external assistance.

15. Recognizing the need for a comprehensive programme approach, the Government, with AsDB assistance, completed a Tourism Master Plan in 1991. The Plan identified human resource constraints, particularly of trained and employable personnel, as the main obstacles to increasing the professionalism and market viability of the industry. The expected result of UNDP cooperation will be an increase in the number of Cook Islanders with technical and management skills required for the industry. As women already play prominent roles in tourism, it is expected that further development of the industry will further improve the profile of women in the country's economy. Tourism development training will command $724,000, or 73 per cent of the IPF.

16. For tourism development, complementary assistance will be provided by New Zealand, AsDB, and the UNDP Pacific subregional programme in the areas of investment facilities, education and employable skills, and environmental management. UNDP's proposed Pacific subregional programme for Natural Resources Management and Environment will be particularly relevant given the Government's concern that accelerated economic growth be balanced by a careful and rational management of the country's limited natural resources and fragile ecosystems.

### Disadvantaged groups

17. Given the Government's commitment to improve the quality of life on the outer islands, there is a need to maintain and improve health, education, safe water supply and other essential community services. It is expected that UNVs will play a key role in these areas. UNDP technical cooperation will continue as part of the Government's own plans and programmes for the outer islands, and will build on the experience gained from past and current involvement through the country and regional programmes, particularly the Integrated Atoll Development project. Fifteen per cent of the IPF, or $144,000, is allocated to this area.

18. In the area of equitable human development, the proposed UNDP Pacific subregional programme will be particularly relevant to efforts to develop the outer islands, where UNDP cooperation is intended to complement the efforts of the Cook Islands Government and of New Zealand.

Management capacity-building

19. The Government has taken initiatives to improve its institutional and management capacity and to reduce dependence on expatriate workers: educational and training facilities are being upgraded; new and innovative training programmes are being planned and offered; and a bonding system has been introduced to retain trained people in the country. UNDP interventions, given its comparative advantage, will be to help organize in-country training in specific priority areas as well as short-term training abroad where appropriate. Additionally, where UNV specialists will be provided, training of national counterparts will be emphasized to ensure skills transfer. Twelve per cent of the IPF, or $119,000, is allocated for this area. Of this amount $23,000 will be used to complete ongoing activities.

20. Complementary funding for enhancing management capacity will be provided under the UNDP Management Development Programme (MDP), which is aimed particularly at administrative reforms to improve the coordination and management of scarce resources.

## C. Assistance outside the main country programme areas

21. Two cyclone rehabilitation projects will be completed during the third country programme. The funding for these projects comes from Special Programme Resources (SPR) and the Japanese Trust Fund.

## D. Implementation and management arrangements

22. Given their cost-effectiveness, UNV specialists will continue to be used in the third country programme as integral components of carefully designed projects, rather than under one umbrella UNV-supported project.

23. Other cost-effective mechanisms which will be considered are the Transfer of Knowledge Through Expatriate Nationals (TOKTEN), given the rich pool of Cook Islander expertise in New Zealand, and UNISTAR.

24. As national capacity to execute development programmes is built up, it is expected that national execution of UNDP cooperation activities will correspondingly increase, with necessary backstopping provided by relevant agencies in the United Nations system. Visits to the Cook Islands from the UNDP Office in Apia will be made on a quarterly basis to ensure smooth progress in implementation. It is also intended that the mid-term review of the programme will place emphasis on the progress made towards meeting programme and project targets.

Annex I

FINANCIAL SUMMARY

I. ESTIMATED RESOURCES (IPF + cost-sharing) TAKEN INTO ACCOUNT FOR PROGRAMMING

| | (Thousands of dollars) | |
|---|---|---|
| Carry-over from fourth cycle IPF | (96) | |
| Fifth cycle IPF | 1 083 | |
| Subtotal IPF | | 987 |
| Project cost-sharing (Government) | 22 | |
| Project cost-sharing (Third-party) | 22 | |
| Programme cost-sharing | - | |
| Subtotal cost-sharing | | 44 |
| TOTAL | | 1 031 |

II. ALLOCATION OF RESOURCES (IPF + cost-sharing) BY AREA OF CONCENTRATION

| Area of concentration | IPF | Cost-sharing | Total | Percentage of total resources |
|---|---|---|---|---|
| Tourism development | 724 | - | 724 | 73 |
| Outer islands development | 144 | - | 144 | 15 |
| Management capacity-building | 119 | 44 | 163 | 12 |
| Subtotal | 987 | 44 | 1 031 | 100 |

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## III. COMPLEMENTARY ASSISTANCE FROM OTHER SOURCES USED IN AREAS OF CONCENTRATION

(Thousands of dollars)

| | | | |
|---|---|---|---|
| A. | UNDP-administered funds | | |
| | Special Programme Resources | 145 000 a/ | |
| | UNCDF | - | |
| | UNSO | - | |
| | UNIFEM | - | |
| | UNRFNRE | - | |
| | UNFSTD | - | |
| | Subtotal | | 145 000 |
| B. | Other United Nations resources | | |
| | JCGP participating agencies | - b/ | |
| | Other United Nations agencies (non-UNDP financed) | - | |
| | Global Environment Facility | - c/ | |
| | Subtotal | | - |
| C. | Non-United Nations resources | | |
| | Subtotal | | - |
| | TOTAL | | 145 000 |

a/ Disaster rehabilitation.

b/ WHO, UNFPA and UNICEF are expected to provide assistance during the next cycle but no estimates are available.

c/ The GEF programme for the South Pacific will include resources to help the Government manage national resources/environment.

Annex II

PROGRAMME MATRIX

| Area of concentration | Area of focus a/ | | | | | |
|---|---|---|---|---|---|---|
| | Poverty eradication and grass-roots participation | Environment and natural resource management | Management development | TCDC | Transfer and adaptation of technology | WID |
| Tourism development | * | * | | | * | * |
| Outer island development | * | | | * | | * |
| Management capacity-building | | | * | * | | |

a/ Asterisks indicate major linkage only.

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